Low income in census metropolitan areas

Andrew Heisz and Logan McLeod

Recently, Statistics Canada released the first in a series of reports examining trends and conditions in Canada's largest urban areas. This article covers the main highlights. Readers are encouraged to read the full report for more details:
Low Income in Census Metropolitan Areas, 1980-2000, *by Andrew Heisz and Logan McLeod, 2004. Internet: www.statcan.ca/english/research/89-613-MIE/89-613-MIE2004001.htm*

All Canadians—business people, politicians and the general public—share a heightened interest in and awareness of the 'status' of Canada's metropolitan areas. They are concerned about renewing community life in the urban centres. This means addressing poverty, enhancing the business climate, and providing new opportunities to learn and to work for all Canadians—including new immigrants and Aboriginal people.

This article examines income and low income in Canada's 27 census metropolitan areas (CMAs) between 1980 and 2000 using census data. It looks at the situation of families and the neighbourhoods they live in. The objective is to present a statistical portrait of Canada's urban areas, and to describe the income of Canadians from an urban perspective. A diversity of outcomes across metropolitan areas, income levels, decades, and demographic groups are summarized.

Income between 1980 and 2000

The median income of families[1] living in a metropolitan area in 2000 amounted to $62,300, a 1% increase from 1990 (Table 1). But on the whole, incomes rose faster during the 1980s. Median family income in metropolitan areas rose 5% during the 1980s and 7% over the entire 20-year period.

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These aggregate trends were generally reflected among individual CMAs, but outcomes were diverse. In the 1980s, 15 of 27 CMAs posted growth of at least 5%, but 4 showed either no growth or a decline. These CMAs tended to be located in western Canada, where the recession of the 1980s hit hardest. In the 1990s, while 12 CMAs showed either no growth or a decline, the median income of some continued to grow. Altogether, 5 CMAs posted a growth rate of 5% or more in the 1990s.

Most CMA residents shared in the economic growth of the 1980s to some extent. Incomes increased at both ends of the income distribution, particularly at the top. Because of rising income at the bottom of the distribution, the low-income rate in CMAs fell from 18.3% to 17.2% between 1980 and 1990.[2] Most centres shared in this decline.

In the 1990s, growth was concentrated more among high-income families, with the income of lower-income families growing little or declining in many CMAs (Chart A). An examination of income growth at the 10th and 90th percentiles serves as an illustration. At the 10th percentile, income is lower than 90% of the population and higher than 10%. At this percentile, income fell by 1.6% in the 1990s; in 9 CMAs, it fell by 5% or more. Similarly, at the 90th percentile, income is higher than 90% of the population and lower than 10%. At this percentile, income rose by 7.7%, with 21 CMAs registering 5% or more, and 7 CMAs 10% or more.

As a result of falling incomes at the 10th percentile, the low-income rate for all CMAs combined rose slightly, from 17.2% to 17.7% between 1990 and 2000.

Table 1: Median income for economic families

	1980	1985	1990	1995	2000	1980-1990	1990-2000	1980-2000
			2000 $				% change	
All CMAs	**58,400**	**57,100**	**61,500**	**57,000**	**62,300**	**5**	**1**	**7**
St. John's	50,200	48,600	55,800	50,900	54,300	11	-3	8
Halifax	51,300	53,600	58,000	54,700	57,400	13	-1	12
Saint John	49,800	44,500	51,400	48,900	51,600	3	0	4
Chicoutimi-Jonquière	49,300	48,900	51,400	47,500	51,400	4	0	4
Québec	53,800	50,900	54,900	51,500	54,800	2	0	2
Sherbrooke	46,300	44,200	46,400	45,800	49,400	0	6	7
Trois-Rivières	46,300	44,800	48,500	46,300	48,400	5	0	5
Montréal	53,700	51,200	54,800	50,400	55,000	2	0	2
Ottawa-Gatineau	62,800	64,800	70,700	64,400	71,600	12	1	14
Kingston	53,000	55,600	59,400	56,300	59,800	12	1	13
Oshawa	61,000	63,900	68,800	65,900	71,500	13	4	17
Toronto	65,400	65,800	70,200	63,300	70,300	7	0	7
Hamilton	59,400	58,800	62,600	60,800	65,500	5	5	10
St. Catharines-Niagara	54,200	53,700	55,300	53,600	57,400	2	4	6
Kitchener	56,100	55,700	60,900	60,100	65,900	9	8	18
London	56,000	55,300	59,100	56,800	61,100	5	3	9
Windsor	54,100	58,900	59,000	62,500	68,500	9	16	27
Greater Sudbury	55,100	52,700	61,000	57,200	57,500	11	-6	4
Thunder Bay	59,200	58,600	62,800	59,900	60,500	6	-4	2
Winnipeg	54,500	55,400	56,800	53,500	57,300	4	1	5
Regina	59,300	58,200	60,300	56,200	59,800	2	-1	1
Saskatoon	55,000	53,600	54,300	51,600	55,000	-1	1	0
Calgary	66,400	63,000	66,200	61,900	69,000	0	4	4
Edmonton	63,900	58,100	61,200	56,600	63,000	-4	3	-1
Abbotsford	51,900	45,800	55,100	52,700	56,000	6	2	8
Vancouver	63,000	56,700	64,700	58,000	62,900	3	-3	0
Victoria	55,100	48,700	57,800	56,200	60,600	5	5	10

Source: Census of Canada, 1981-2001

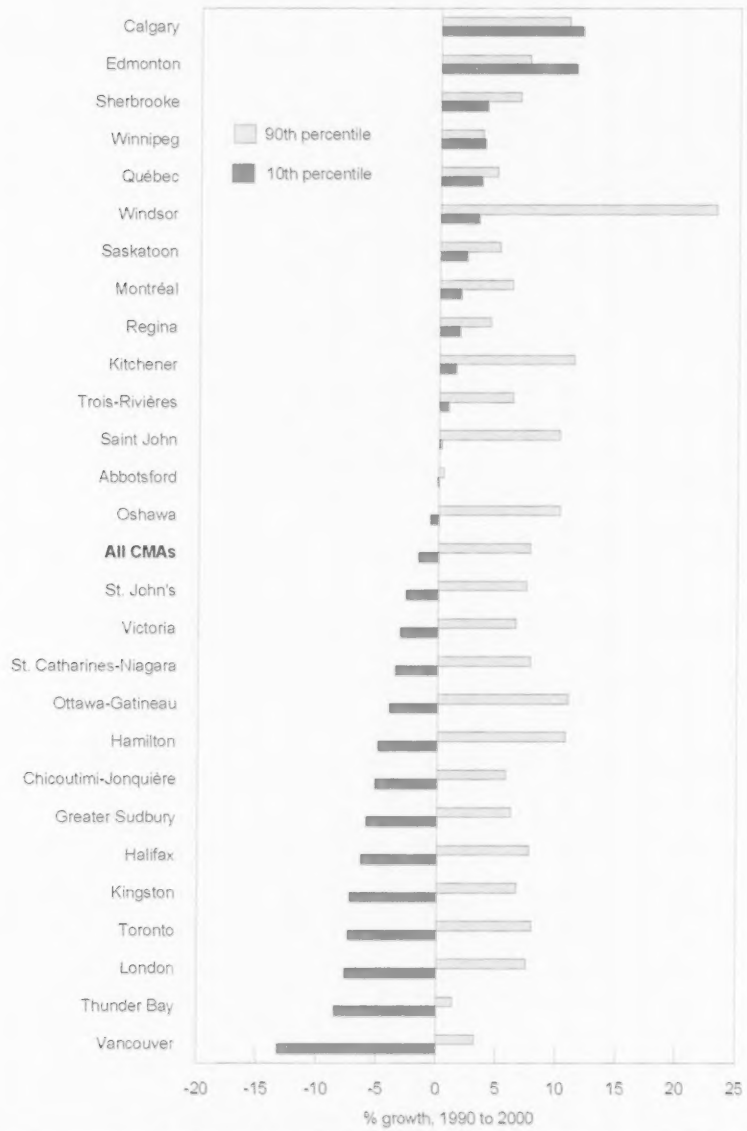
However, trends among CMAs were mixed, with low-income rates rising in some and falling in others. The largest rise was in Vancouver, where the rate increased from 15.8% to 19.1%.

Low-income rates higher and rising among recent immigrants

Low-income rates within CMAs were higher among certain groups, making them disproportionately represented among the low-income population. Three groups in particular tended to have higher low-income rates relative to the population of a given CMA: recent immigrants (those who arrived during the decade preceding the census),[3] Aboriginal people, and lone-parent families.

The low-income rate for lone-parent families[4] was 46.6% in 2000, compared with 15.4% for other types of families (Table 2). Although high in 2000, the low-income rate among lone-parent families was even higher in 1980 (54.2%). In 2000, individuals in lone-parent families made up a disproportionately large share of the low-income population in CMAs—19.3% compared with 7.3% of the overall CMA population.

Chart A: At the 90th percentile, income grew in all CMAs; at the 10th percentile, in only half.



Source: Census of Canada, 1991 to 2001

In 2000, recent immigrants had a low-income rate of 35.0%, nearly twice the overall CMA average. In 1980, in contrast, their rate was only 23.1%. The growth was substantial in CMAs with large populations of recent immigrants. As with lone parents, recent immigrants represented a disproportionate share of the low-income population.

While low-income rates rose for recent immigrants, their share of the population also increased, especially in the 1990s. In 2000, 9.0% of CMA residents were recent immigrants, compared with 6.1% in 1990.

In Toronto and Vancouver, two large CMAs, the low-income rate increased in the 1990s. Virtually all of the rise in these areas was concentrated among recent immigrants. In Toronto, the low-income rate in 2000 was 17.7%, up 1.8 percentage points from 1990. Among recent immigrants, however, the rate rose by 4.6 points to 32.8%. In contrast, among all other groups, it was virtually unchanged. In Vancouver, the low-income rate rose by 3.3 percentage points to 19.1%, while among recent immigrants, it rose 10.7 points to 37.4%. In contrast, among all other groups, it increased only 0.7 points to 15.4%.

Among Aboriginal people in CMAs, 41.6% were living in low income, more than double the national average for CMAs. As with lone parents and recent immigrants, Aboriginal people represented a disproportionately large share of the low-income population. (Because of changes in collection of information on Aboriginal people, they can be consistently defined only in the 1996 and 2001 censuses.)

CMAs have widely varying proportions of Aboriginal people and immigrants. Consequently, the composition of the low-income population varied widely. In Winnipeg, Regina and Saskatoon, Aboriginal people represented more than 20% of the low-income

Table 2: Low-income rates and population shares, by group, 2000

	Low-income rate	Population	
		Total	Low-income
		%	
All persons	**17.7**	**100.0**	**100.0**
Aboriginal people	41.6	1.6	3.7
Recent immigrants	35.0	9.0	17.7
Other immigrants	18.3	20.8	21.5
Other	14.7	68.7	57.0
Not in lone-parent families	15.4	92.7	80.7
In lone-parent families	46.6	7.3	19.3

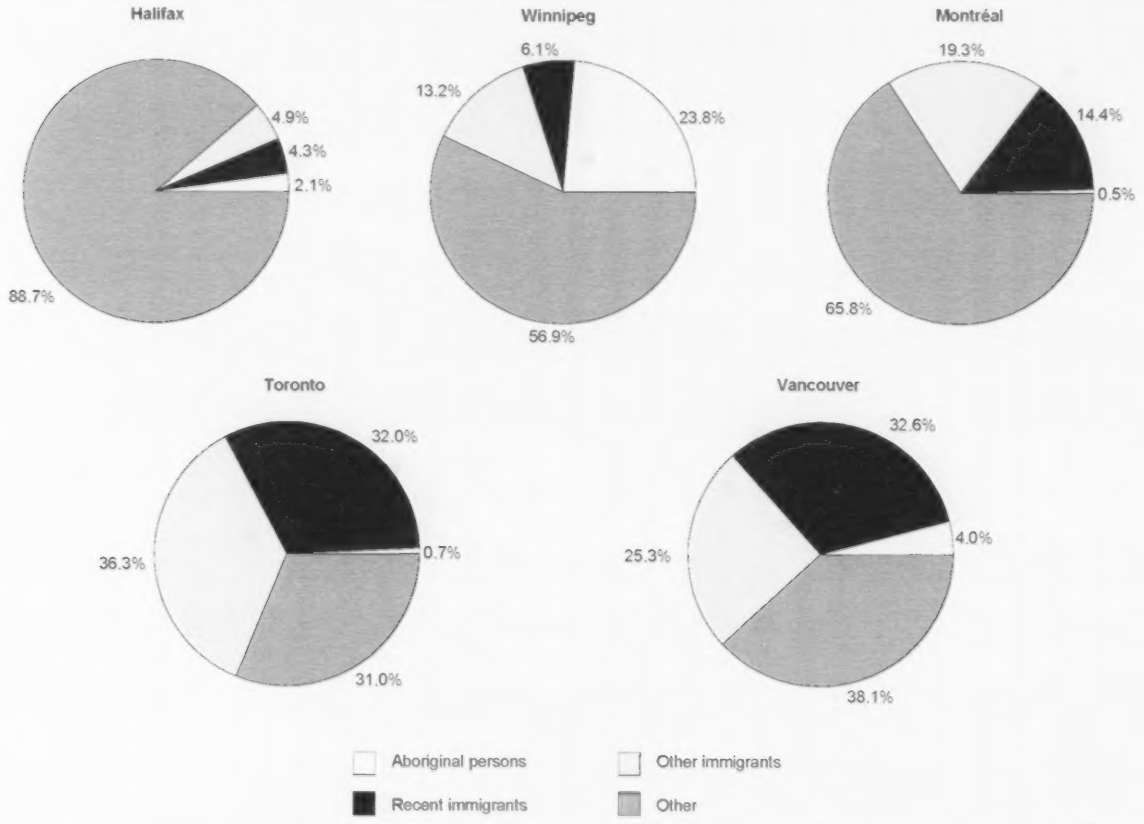
Source: Census of Canada, 2001

population. In Toronto and Vancouver, little of the low-income population consisted of Aboriginal people. On the other hand, recent immigrants comprised much larger shares: 32.0% in Toronto and 32.6% in Vancouver (Chart B).

Widening income gap between richer and poorer neighbourhoods

The increase in the income gap between higher- and lower-income families in CMAs was reflected in

Chart B: The composition of the low-income population varied considerably by CMA.



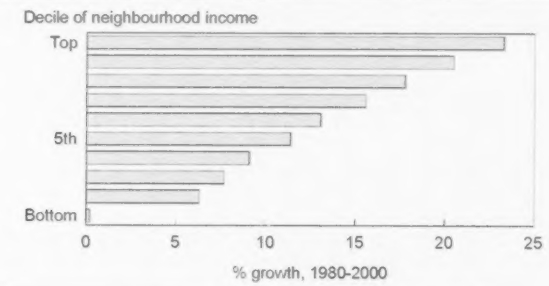
Source: Census of Canada, 2001

an increasing income gap between lower- and higher-income neighbourhoods (defined by census tracts). In Toronto, for example, median family income in the poorest 10% of neighbourhoods rose 0.2% from 1980. In the richest 10%, it was up 23.3% (Chart C). This increasing difference was observed in all larger CMAs (Chart D). In areas such as Ottawa-Gatineau, Kitchener, St. Catharines-Niagara and London, income rose in both higher- and lower-income neighbourhoods, although more in the former. In Hamilton, Winnipeg, Calgary, Montréal, Québec and Edmonton, income rose in higher-income neighbourhoods and fell in lower-income neighbourhoods. In Vancouver, it fell in lower-income neighbourhoods, but was unchanged in higher-income neighbourhoods.

However, while the income gap between richer and poorer neighbourhoods grew, the proportion of low-income neighbourhoods remained relatively stable between 1980 and 2000 in the 27 CMAs. (A low-income neighbourhood has a low-income rate exceeding 40%.) In 1980, 6.1% of CMA neighbourhoods were low-income neighbourhoods. This fell to 5.5% in 1990, doubled to 11.8% in 1995, then fell again, to 5.8%, in 2000 as economic conditions improved.

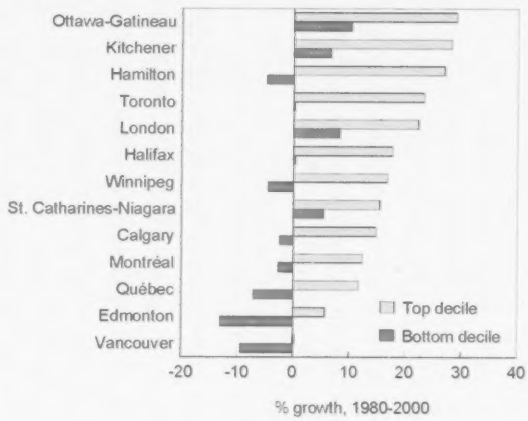
The location of low-income neighbourhoods in the largest CMAs is also of concern. Are they clustered together in the downtown core or dispersed throughout the CMA? In fact, Canadian CMAs are diverse in this regard. Some, such as Winnipeg (Figure 1) and Vancouver, have a single dominant cluster of low-income neighbourhoods in the downtown core.

Chart C: In Toronto, the higher the neighbourhood income, the greater the increase in median income.



Source: Census of Canada, 1981-2001

Chart D: Income growth varied considerably by CMA and income decile.



Source: Census of Canada, 1981-2001

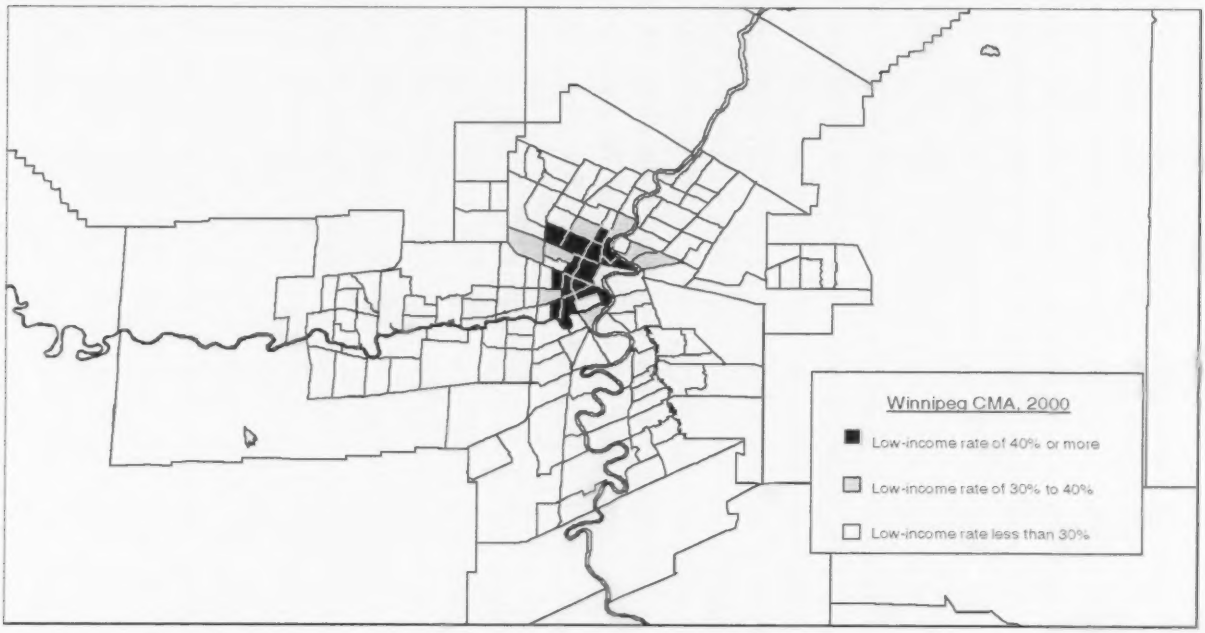
Others, such as Toronto and Montréal, have several distinct clusters surrounding a relatively affluent downtown.

In Toronto and Montréal, low-income neighbourhoods were also less likely to be found downtown and more likely to be found in clusters outside of downtown in 2000 than they were in 1980. In Montréal for example, Plateau Mont-Royal was one of two areas with low-income rates greater than 40% in 1980, but not in 2000 (Figure 2). The other was Old Montréal, the site of a number of new condominium developments. At the same time, three clusters of low-income neighbourhoods farther from the city centre grew over this period: Hochelaga-Maisonneuve in the east end, Côte-des-Neiges, and Park Extension (near Mont-Royal).

Certain groups more likely to live in low-income neighbourhoods

Recent immigrants, Aboriginal people and lone-parent families were more likely than other groups to live in low-income neighbourhoods. In 2000, 11.7% of Aboriginal people lived in low-income neighbourhoods, as did 9.7% of recent immigrants, and 8.7% of those living in lone-parent families. Only 4.4% of CMA residents overall lived in low-income neighbourhoods.

Figure 1: Low-income neighbourhoods* in Winnipeg, 2000



Source: Census of Canada, 2001
** Neighbourhoods are defined by 2001 definitions of census tracts. Low-income neighbourhoods are those with more than 40% of their population in low income.*

Residents of low-income neighbourhoods reflected the demographic make-up of the CMA; recent immigrants comprised a large share of low-income neighbourhood residents in Toronto and Montréal, while Aboriginal people represented large shares in Winnipeg, Regina and Saskatoon.

Recent immigrants and Aboriginal people made up a large and rising proportion of residents of low-income neighbourhoods in many CMAs. In Toronto, the share of recent immigrants in low-income neighbourhoods rose from 24.4% in 1980 to 39.1% in 2000. In Montréal, this share went from 7.8% to 19.4%. In Winnipeg, the share of Aboriginal people in low-income neighbourhoods rose from 24.5% in 1995 to 30.8% in 2000.

Summary

Family income growth stalled for many CMA residents in the 1990s. During that decade, income grew for the highest-income families but fell for lower-income families in many CMAs. Consequently, low-income rates rose in some CMAs and fell in others. Rising low-income rates were seen among recent immigrants who, along with Aboriginal people and lone-parent families, had much higher rates than the general population in 2000. As a result, these groups were highly concentrated among the low-income population in CMAs.

Trends in income and low income observed at the family level were echoed at the neighbourhood level. In most CMAs, income rose more in higher-income neighbourhoods than in lower-income neighbourhoods. The share of neighbourhoods with a low-income rate greater than 40% was about the same in 2000 as in 1980, but recent immigrants, Aboriginal people and lone-parent family members were disproportionately represented. In some CMAs, low-income neighbourhoods were concentrated in the downtown core; in others, they formed distinct

Figure 2: Low-income neighbourhoods* in Montréal, 1980 to 2000

Montréal CMA, 1980-2000
Low-income rate of 40% or more in 1980 and 2000
Low-income rate of 40% or more in 2000 but not 1980
Low-income rate of 40% or more in 1980 but not 2000
Low-income rate of less than 40% in 1980 and 2000

Source: Census of Canada, 1981-2001

** Neighbourhoods are defined by census tracts. Low-income neighbourhoods are those with more than 40% of their population in low income. For this analysis, census tract boundaries were held constant at their 1981 configurations for computing low-income status, and then graphed using 2001 boundaries.*

clusters surrounding a relatively affluent downtown. Low-income neighbourhoods shifted away from the downtown core in some CMAs over the period.

Perspectives

Notes

1 Income of economic families after transfers and before tax. An economic family refers to two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption. Unattached individuals are excluded. Trends using the adult-equivalent adjusted income of all persons (unattached individuals and economic family persons) were similar. Income refers to total income received in the year preceding the census.

2 Low income is measured on an after-transfer, before-tax basis. A person is deemed to be in low income if their adult-equivalent adjusted income is below one-half the median adult-equivalent adjusted income in their particular CMA. This threshold will vary from CMA to CMA, but on average it was $33,600 for a family of two adults and two children measured in 2000 dollars. For other years, income was adjusted to 2000 dollars and compared with the fixed threshold.

3 Canadian-born persons living in families headed by immigrants were included in the totals for immigrants. Persons who immigrated in the census year or the year preceding the census were excluded. Annual income for these immigrants will be biased downwards since they spent none or only part of the reference year in Canada.

4 Includes only lone-parent families with at least one child under 18.